

Order No. 16/17

**AN ORDER RESPECTING THE RURAL MUNICIPALITY OF LAC DU BONNET
REQUEST FOR EXTENSION**

February 3, 2017

BEFORE: The Hon. Anita Neville, P.C., B.A. (Hons.), Acting Chair
Robert Gabor, Q.C., Chair
Marilyn Kapitany, B.Sc. (Hons.), M.Sc., Member

1.0 Executive Summary

By this Order, the Manitoba Public Utilities Board (Board or PUB) denies a request for extension to submit a rate application made by the Rural Municipality of Lac du Bonnet (RM).

The Board will allow the RM until March 15, 2017 to submit an application for revised rates, using PUB recommended guidelines, before imposing a penalty of up to \$100 daily, as permitted under Section 100 of *The Public Utilities Board Act*.

Rationale for the PUB's decisions may be found under "Board Findings".

2.0 Application

On December 13, 2016 the RM sent a letter to the PUB requesting a two month extension to complete the application process for a utility rate study. This letter was accompanied by Council resolution No. 2016 0592.

3.0 Board Findings

In Board Order No. 76/16, dated June 13, 2016, the Board ordered the RM to prepare and submit an application for revised rates on or before December 13, 2016. The Board Order criticized the RM for its lack of compliance with regards to regulatory requirements.

The Order stated, in part,

“...the Board will Order the RM to submit a full rate application for review six months from the date of this Order, and advises the RM that given the serious lack of compliance, no extensions will be granted... The Board urges the RM and Council to review their internal processes and establish practices to assure compliance in future.”

“By law, Manitoba utilities are not allowed to incur deficits. In the event that a deficit does occur, the Utility is required to obtain Board approval for a recovery methodology. The Board is required to approve reasonable rates based on reasonable expense projections.”

In Order 76/16, the Board stated that it did not have sufficient information to calculate a rate that would be adequate, because the RM did not submit a full rate application with its last rate study, and has still not done so. The PUB still does not have that information.

The result of this is likely to be a sharp increase in rates when the correct information is received and appropriate rates are approved. The Board notes that there are a small number of rate payers in the RM, and that rate increases would be shared among these ratepayers. Consumers are generally more tolerant of regular, smaller increases. It is therefore very important that the RM submit the required information in a timely manner.

The Board finds that the RM continues in default of Board Order 76/16, in which the Board indicated that a rate application was to be submitted by December 13, 2016 and that no extension would be approved. Despite the fact that the deadline has already lapsed, the Board will not validate the actions of the RM by giving its approval for the

extension. The RM shall remain in default until the rate application, prepared using Board recommended guidelines, has been received by the Board.

The Board has available enforcement methods and can apply financial penalties to any person in default of compliance with an Order of the Board. The Board does not take this step lightly; however, the lack of compliance by the RM of Lac du Bonnet leaves the Board no alternative but to proceed with enforcing penalties to ensure compliance.

Board decisions may be appealed in accordance with the provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure. The Board's Rules may be viewed on the Board's website at www.pub.gov.mb.ca.

4.0 IT IS THEREFORE ORDERED THAT:

- 1) The Rural Municipality of Lac du Bonnet's request for an extension to the filing deadline for an application for revised rates, as ordered in Board Order No. 76/16, is HEREBY DENIED.

Fees payable upon this Order - \$250.00

THE PUBLIC UTILITIES BOARD:

"THE HON. ANITA NEVILLE, P.C., B.A(Hons.)"
Acting Chair

"JENNIFER DUBOIS, CPA, CMA"
Acting Secretary

Certified a true copy of Order No. 16/17 issued
by The Public Utilities Board

Acting Secretary